

TOWN OF SEEKONK, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2014

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INDEPENDENT AUDITORS REPORT

To the Honorable Board of Selectmen
Town of Seekonk, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Seekonk, Massachusetts, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Seekonk's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Seekonk, Massachusetts, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, retirement system schedules of funding progress and employer contributions and other post-employment benefits – schedules of funding progress and employer contributions on pages 3-9, 54 and 55 – 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2015, on our consideration of the Town of Seekonk, Massachusetts's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Seekonk, Massachusetts's internal control over financial reporting and compliance.

R.E. Brown & Company

March 20, 2015

TOWN OF SEEKONK, MASSACHUSETTS

Management's Discussion and Analysis

As management of the Town of Seekonk (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014. We encourage readers to consider this information in addition to the statements and notes.

The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). GASB is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Users of these financial statements, such as investors and rating agencies, rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users can assess the financial condition of one government compared to others.

Financial Highlights:

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$36.5 million (*net position*).
- The unrestricted net position of the Town's business-type activities are \$367 thousand and may be used to meet the ongoing obligations of the Town's Curbside Trash Collection and Recycling business-type activities.
- The government's total net assets increased by \$1.76 million or 2.96 % in fiscal 2014. Within this total, net assets of governmental activities increased by \$1.8 million, a 3.09% increase from fiscal 2013. Net assets of business-type activities decreased by \$54.6 thousand or 10.15% from fiscal 2013.
- At June 30, 2014, the Town's governmental funds had combined ending fund balances of \$12.653 million. The combined governmental funds balances increased by \$409 thousand or 3.34% from the prior year's ending fund balance. A total of \$5.189 million is considered unassigned at June 30, 2014.
- The Town's general fund reported a total fund balance of \$8.907 million at the end of fiscal 2014. The unassigned fund balance for the general fund was \$6.513 million or 13.55% of total general fund expenditures and transfers. There was a \$1.056 million increase in the total general fund balance for the year.
- The total cost of all Town services for fiscal 2014 was \$53.215 million; \$52.152 million of which was for governmental activities, and \$1.063 million of which was for business-type activities.
- The Town's total bonded debt decreased by \$1.049 million or 10.2% during the year.

Overview of the Financial Statements:

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components:

- 1) Government-wide Financial Statements
- 2) Fund Financial Statements
- 3) Notes to the Basic Financial Statements.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the cash flows*. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions and activities of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions and activities that are intended to recover all or a significant portion of their costs through user fees or charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, human services, culture and recreation, conservation, employee benefits, debt service, and state/county assessments. The business-type activities include sanitation services.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in the evaluation of a government's near-term financing requirements.

Because the focus of governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Seekonk adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance within this budget.

Proprietary funds: *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town has one enterprise fund:

- *Trash (Sanitation) Enterprise Fund* – accounts for the trash collection and disposal activities of the Town.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statements because the resources of the funds are not available to support the Town’s own functions and activities. The accounting used for fiduciary funds is much like that used for proprietary funds.

- Private purpose trust funds, postemployment benefits trust fund, and agency funds are reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions “Private Purpose Trust Funds”, “Postemployment Benefits Trust”, and “Agency Funds”, respectively. The Postemployment Benefits Trust fund was established to hold the assets that will fund the long term liability associated with town retirees’ health benefits.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis:

The chart on the following page summarizes key financial components of the Town’s financial statements.

As noted earlier, assets exceeded liabilities by \$36,500,136 at the close of fiscal year 2014. The Town is able to report total positive balances in net position, for both government as a whole, and for its separate governmental and business-type activities.

The largest component of the Town’s total net position are its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets is \$32,025,567 or 87.74% of net position. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. It is important to note that other resources are needed to repay the debt because the capital assets cannot be used to finance these liabilities.

A modest amount of the Town’s net position totaling \$5,902,847 or 16.17%, are subject to external restrictions on how they may be used. The remaining negative balance of unrestricted net position totals (\$1,428,278).

The Town increased its total liabilities by \$1.282 million over fiscal year 2013, while total assets increased by \$1,760,580 or 2.97%. Total assets of the governmental activities increased by \$1.815 a 3.09% increase from fiscal 2013. Total assets of the business-type activities decreased by \$54.569 or 10.15% from fiscal 2013.

Town of Seekonk - Financial Highlights

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Assets:						
Current assets	\$ 18,901,200	\$ 16,463,818	\$ 391,144	\$ 425,263	\$ 19,292,344	\$ 16,889,081
Noncurrent assets (excluding capital)	175,518	355,645	-	-	175,518	355,645
Capital assets	41,487,730	41,929,836	92,025	112,475	41,579,755	42,042,311
Total assets	60,564,448	58,749,299	483,169	537,738	61,047,617	59,287,037
Liabilities:						
Current liabilities (excluding debt)	3,182,729	2,670,203	23,505	27,508	3,206,234	2,697,711
Noncurrent liabilities (excluding debt)	10,337,559	9,795,906	-	-	10,337,559	9,795,906
Current debt	2,676,389	1,282,753	-	-	2,676,389	1,282,753
Noncurrent debt	8,327,299	9,488,479	-	-	8,327,299	9,488,479
Total liabilities	24,523,976	23,237,341	23,505	27,508	24,547,481	23,264,849
Net Position:						
Net investment in capital assets	31,933,542	31,649,441	92,025	112,475	32,025,567	31,761,916
Restricted	5,902,847	6,765,596	-	-	5,902,847	6,765,596
Unrestricted	(1,795,917)	(2,903,079)	367,639	397,755	(1,428,278)	(2,505,324)
Total net position	\$ 36,040,472	\$ 35,511,958	\$ 459,664	\$ 510,230	\$ 36,500,136	\$ 36,022,188
Revenues						
<i>Program Revenues:</i>						
Charges for services	\$ 2,299,329	\$ 2,240,272	\$ 1,155,894	\$ 1,173,019	\$ 3,455,223	\$ 3,413,291
Operating grants and contributions	11,389,901	9,532,220	-	-	11,389,901	9,532,220
Capital grants and contributions	585,321	581,460	-	-	585,321	581,460
<i>General Revenues:</i>						
Real Estate and personal property taxes	32,833,477	31,740,006	-	-	32,833,477	31,740,006
Tax Liens	387,138	216,817	-	-	387,138	216,817
Motor vehicle and other excise taxes	2,136,119	1,989,326	-	-	2,136,119	1,989,326
Hotel/Motel Tax	948,190	998,546	-	-	948,190	998,546
Penalties and Interest on Taxes	152,044	151,938	-	-	152,044	151,938
Nonrestricted grants and contributions	1,604,747	1,499,688	-	-	1,604,747	1,499,688
Unrestricted investment income	148,958	12,944	-	-	148,958	12,944
Gain on sale of fixed assets	-	-	-	-	-	-
Other revenues	42,909	56,966	-	-	42,909	56,966
Total Revenues	52,528,133	49,020,183	1,155,894	1,173,019	53,684,027	50,193,202
Expenses:						
General Government	2,431,817	2,506,671	-	-	2,431,817	2,506,671
Public Safety	6,676,217	6,655,035	-	-	6,676,217	6,655,035
Education	26,297,163	25,328,588	-	-	26,297,163	25,328,588
Public Works	1,613,133	1,536,620	-	-	1,613,133	1,536,620
Human Services	933,515	683,511	-	-	933,515	683,511
Conservation	43,550	82,768	-	-	43,550	82,768
Culture and Recreation	1,057,292	1,004,358	-	-	1,057,292	1,004,358
Employee Benefits	12,450,388	12,460,329	-	-	12,450,388	12,460,329
State and County Assessments	377,499	370,572	-	-	377,499	370,572
Interest	271,971	609,593	-	-	271,971	609,593
Sanitation	-	-	1,062,784	1,098,600	1,062,784	1,098,600
Total Expenses	52,152,545	51,238,045	1,062,784	1,098,600	53,215,329	52,336,645
Increase (decrease) in Net Position before Contributions to Permanent Endowments and Transfers	375,588	(2,217,862)	93,110	74,419	468,698	(2,143,443)
Contributions to permanent endowments	9,250	8,650	-	-	9,250	8,650
Transfers	143,676	93,696	(143,676)	(93,696)	-	-
Change in Net Position	528,514	(2,115,516)	(50,566)	(19,277)	477,948	(2,134,793)
Net Position - beginning	35,511,958	37,627,474	510,230	529,507	36,022,188	38,156,981
Net Position - ending	\$ 36,040,472	\$ 35,511,958	\$ 459,664	\$ 510,230	\$ 36,500,136	\$ 36,022,188

Financial Analysis of Governmental Funds:

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town. At June 30, 2014, unassigned fund balance of the general fund was \$6,513,357 while the total fund balance was \$8,907,264. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 13.56% of total general fund expenditures, while total fund balance represents 18.54% of the same amount.

General fund revenues increased by \$392,664 and the fund balance of the general fund increased by \$1,056,231. This result is the product of management's conservative planning and budgeting and the use of unassigned fund balance to maintain the Town's services.

The three stabilization funds have accumulated fund balances of \$4,079,381, which represents 8.49% of general fund expenditures.

General Fund Budget Highlights

There was a \$115,700 increase between the original and final budget of the Town approved Town Meetings. The Town budgeted \$42.546 million in revenues and \$43.894 million in expenses, drawing on the fund balance of (\$768,742) to finance the difference.

Capital Asset and Debt Administration

Capital Assets – In conjunction with the operating budget, the Town annually prepares a capital budget for the upcoming fiscal year.

The Town's investment in capital assets (net of depreciation) for governmental and business-type activities as of June 30, 2014, amounts to \$41,579,755. The investment in capital assets includes land, buildings, capital improvements (other than buildings), machinery and equipment, vehicles, infrastructure, and construction in progress.

Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Land	\$ 4,838,754	\$ 4,691,754	\$ -	\$ -	\$ 4,838,754	\$ 4,691,754
Buildings	28,464,892	30,041,521	-	-	28,464,892	30,041,521
Capital Improvements (other than buildings)	1,294,004	1,419,396	-	-	1,294,004	1,419,396
Machinery and Equipment	737,778	846,788	66,825	81,675	804,603	928,463
Vehicles	1,239,427	1,348,507	25,200	30,800	1,264,627	1,379,307
Infrastructure	3,856,470	3,572,320	-	-	3,856,470	3,572,320
Construction in Progress	1,056,405	9,550	-	-	1,056,405	9,550
Total Capital Assets	\$ 41,487,730	\$ 41,929,836	\$ 92,025	\$ 112,475	\$ 41,579,755	\$ 42,042,311

The governmental activities capital assets had additions of \$1,958,336 during the current fiscal year. Total depreciation was \$2,400,442 resulting in a net decrease to capital assets of \$442,106.

Long term debt – The Town’s debt burden is reasonable in relation to other communities its size. Outstanding long-term debt, as of June 20, 2014, totaled \$9,230,898. Total debt consists of the following:

Outstanding Debt at Year End		
Governmental Activities	Outstanding June 30, 2014	Outstanding June 30, 2013
School Construction	\$ 3,994,000	\$ 4,568,000
MWPAT Septic loan	151,645	172,418
Police & Fire Facility	3,730,000	4,086,000
Landfill	1,355,253	1,453,977
Total Governmental Activities	9,230,898	\$ 10,280,395
Business-type Activities	Outstanding June 30, 2014	Outstanding June 30, 2013
Sanitation	\$ -	\$ -

Please refer to Notes **5** and **9** for further discussion of the major capital and debt activities.

Economic Factors and Next Year’s Budget and Rates

The following factors were considered in preparing the Town’s fiscal year 2015 budget:

- ***Pension Costs***
- ***Health Insurance***
- ***Regional Economics***
- ***State Aid Projections***

Request for Information

This financial report is designed to provide a general overview of the Town’s finances for all of those with an interest in the Town’s finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to: Director of Finance, Town of Seekonk, 100 Peck Street, Seekonk, MA 02771.

TOWN OF SEEKONK, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2014

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 10,054,674	\$ 301,023	\$ 10,355,697
INVESTMENTS	6,186,995	-	6,186,995
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	640,046	-	640,046
TAX LIENS	572,047	-	572,047
MOTOR VEHICLE EXCISE TAXES	126,306	-	126,306
USER FEES	9,140	90,121	99,261
DEPARTMENTAL AND OTHER	341,533	-	341,533
INTERGOVERNMENTAL	940,420	-	940,420
SPECIAL ASSESSMENTS	30,039	-	30,039
NONCURRENT:			
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
SPECIAL ASSESSMENTS	175,518	-	175,518
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	41,487,730	92,025	41,579,755
TOTAL ASSETS	60,564,448	483,169	61,047,617
<u>LIABILITIES</u>			
CURRENT:			
ACCOUNTS PAYABLE	2,735,022	23,505	2,758,527
OTHER LIABILITIES	1,292	-	1,292
ACCRUED INTEREST	61,821	-	61,821
LANDFILL POSTCLOSURE CARE COSTS	48,310	-	48,310
COMPENSATED ABSENCES	336,284	-	336,284
CAPITAL LEASES PAYABLE	190,865	-	190,865
BONDS AND NOTES PAYABLE	2,485,524	-	2,485,524
NONCURRENT:			
LANDFILL POSTCLOSURE CARE COSTS	917,890	-	917,890
COMPENSATED ABSENCES	688,403	-	688,403
POSTEMPLOYMENT BENEFITS	8,731,266	-	8,731,266
CAPITAL LEASES PAYABLE	132,425	-	132,425
BONDS AND NOTES PAYABLE	8,194,874	-	8,194,874
TOTAL LIABILITIES	24,523,976	23,505	24,547,481
<u>NET POSITION</u>			
NET INVESTMENT IN CAPITAL ASSETS	31,933,542	92,025	32,025,567
RESTRICTED FOR:			
STREETS	416,760	-	416,760
PERMANENT FUNDS:			
EXPENDABLE	25,331	-	25,331
NONEXPENDABLE	280,053	-	280,053
OTHER PURPOSES	5,180,703	-	5,180,703
UNRESTRICTED	(1,795,917)	367,639	(1,428,278)
TOTAL NET POSITION	\$ 36,040,472	\$ 459,664	\$ 36,500,136

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2014**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 2,431,817	\$ 153,098	\$ 9,840	\$ -	\$ (2,268,879)
PUBLIC SAFETY	6,676,217	1,252,755	149,345	-	(5,274,117)
EDUCATION	26,297,163	528,073	6,332,331	-	(19,436,759)
PUBLIC WORKS	1,613,133	28,872	5,868	585,321	(993,072)
HUMAN SERVICES	933,515	201,866	150,543	-	(581,106)
CONSERVATION	43,550	24,617	382	-	(18,551)
CULTURE & RECREATION	1,057,292	110,048	48,495	-	(898,749)
EMPLOYEE BENEFITS	12,450,388	-	4,693,097	-	(7,757,291)
STATE & COUNTY ASSESSMENTS	377,499	-	-	-	(377,499)
INTEREST	271,971	-	-	-	(271,971)
TOTAL GOVERNMENTAL ACTIVITIES	52,152,545	2,299,329	11,389,901	585,321	(37,877,994)
BUSINESS-TYPE ACTIVITIES:					
NON-MAJOR	1,062,784	1,155,894	-	-	93,110
TOTAL PRIMARY GOVERNMENT	\$ 53,215,329	\$ 3,455,223	\$ 11,389,901	\$ 585,321	\$ (37,784,884)

See accompanying notes to the basic financial statements

(continued)

**TOWN OF SEEKONK, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2014**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CHANGES IN NET POSITION:			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (37,877,994)	\$ 93,110	\$ (37,784,884)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	32,833,477	-	32,833,477
TAX LIENS	387,138	-	387,138
MOTOR VEHICLE AND OTHER EXCISE TAXES	2,136,119	-	2,136,119
HOTEL/MOTEL AND MEALS TAX	948,190	-	948,190
PENALTIES AND INTEREST ON TAXES	152,044	-	152,044
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	1,604,747	-	1,604,747
UNRESTRICTED INVESTMENT INCOME	148,958	-	148,958
MISCELLANEOUS	42,909	-	42,909
CONTRIBUTIONS TO PERMANENT FUNDS	9,250	-	9,250
TRANSFERS, NET	143,676	(143,676)	-
TOTAL GENERAL REVENUES AND TRANSFERS	38,406,508	(143,676)	38,262,832
CHANGE IN NET POSITION	528,514	(50,566)	477,948
NET POSITION:			
BEGINNING OF YEAR	35,511,958	510,230	36,022,188
END OF YEAR	\$ 36,040,472	\$ 459,664	\$ 36,500,136

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF SEEKONK, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014**

<u>ASSETS</u>	GENERAL	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
CASH AND SHORT-TERM INVESTMENTS	\$ 7,381,224	\$ 2,673,450	\$ 10,054,674
INVESTMENTS	3,659,111	2,527,884	6,186,995
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	640,046	-	640,046
TAX LIENS	572,047	-	572,047
MOTOR VEHICLE EXCISE TAXES	126,306	-	126,306
USER FEES	9,140	-	9,140
DEPARTMENTAL AND OTHER	10,460	331,073	341,533
INTERGOVERNMENTAL	150,618	789,802	940,420
SPECIAL ASSESSMENTS	-	205,557	205,557
TOTAL ASSETS	\$ 12,548,952	\$ 6,527,766	\$ 19,076,718
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ 2,356,446	\$ 378,576	\$ 2,735,022
OTHER LIABILITIES	1,292	-	1,292
NOTES PAYABLE	-	1,449,500	1,449,500
TOTAL LIABILITIES	2,357,738	1,828,076	4,185,814
DEFERRED INFLOWS OF RESOURCES:			
DEFERRED PROPERTY TAXES	1,113,732	-	1,113,732
DEFERRED INTERGOVERNMENTAL REVENUE	150,618	416,760	567,378
DEFERRED OTHER REVENUE	19,600	536,630	556,230
TOTAL DEFERRED INFLOWS OF RESOURCES	1,283,950	953,390	2,237,340
FUND BALANCES:			
NONSPENDABLE	-	280,053	280,053
RESTRICTED	-	4,789,683	4,789,683
COMMITTED	331,388	-	331,388
ASSIGNED	2,062,519	-	2,062,519
UNASSIGNED	6,513,357	(1,323,436)	5,189,921
TOTAL FUND BALANCES	8,907,264	3,746,300	12,653,564
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	\$ 12,548,952	\$ 6,527,766	\$ 19,076,718

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2014**

	GENERAL	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES:</u>			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 33,078,473	\$ -	\$ 33,078,473
MOTOR VEHICLE AND OTHER EXCISE TAXES	2,183,710	-	2,183,710
INTERGOVERNMENTAL	10,904,354	2,106,615	13,010,969
HOTEL/MOTEL AND MEALS TAX	948,190	-	948,190
PENALTIES & INTEREST ON TAXES	152,045	-	152,045
CHARGES FOR SERVICES	-	1,604,048	1,604,048
INVESTMENT INCOME	108,332	50,521	158,853
CONTRIBUTIONS & DONATIONS	-	52,432	52,432
DEPARTMENTAL AND OTHER	994,791	416,565	1,411,356
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	48,369,895	4,230,181	52,600,076
	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES:</u>			
CURRENT:			
GENERAL GOVERNMENT	2,346,314	199,227	2,545,541
PUBLIC SAFETY	6,347,992	1,247,972	7,595,964
EDUCATION	22,821,545	1,928,968	24,750,513
PUBLIC WORKS	1,355,013	649,159	2,004,172
HUMAN SERVICES	646,645	285,497	932,142
CONSERVATION	43,550	-	43,550
CULTURE & RECREATION	921,811	82,293	1,004,104
EMPLOYEE BENEFITS	11,851,746	-	11,851,746
STATE & COUNTY ASSESSMENTS	377,499	-	377,499
DEBT SERVICE			
PRINCIPAL	1,049,497	-	1,049,497
INTEREST	281,245	-	281,245
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	48,042,857	4,393,116	52,435,973
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	327,038	(162,935)	164,103
	<hr/>	<hr/>	<hr/>
<u>OTHER FINANCING SOURCES (USES)</u>			
PROCEEDS FROM CAPITAL LEASES	101,548	-	101,548
OPERATING TRANSFERS IN	627,645	-	627,645
OPERATING TRANSFERS OUT	-	(483,969)	(483,969)
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	729,193	(483,969)	245,224
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	1,056,231	(646,904)	409,327
FUND BALANCES AT BEGINNING OF YEAR	7,851,033	4,393,204	12,244,237
	<hr/>	<hr/>	<hr/>
FUND BALANCES AT END OF YEAR	\$ 8,907,264	\$ 3,746,300	\$ 12,653,564
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See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 12,653,564
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		41,487,730
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		2,237,340
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(61,821)
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS		
BONDS AND NOTES PAYABLE	(9,230,898)	
CAPITAL LEASES PAYABLE	(323,290)	
COMPENSATED ABSENCES	(1,024,687)	
POSTEMPLOYMENT BENEFITS	(8,731,266)	
LANDFILL POSTCLOSURE CARE COSTS	<u>(966,200)</u>	
NET EFFECT OF REPORTING LONG-TERM LIABILITIES		<u>(20,276,341)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 36,040,472</u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2014**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ 409,327**

GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE.

CAPITAL OUTLAY	1,958,336	
DEPRECIATION EXPENSE	<u>(2,400,442)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		(442,106)

REVENUES IN THE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE FULLY DEFERRED IN THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES. THEREFORE, THE RECOGNITION OF REVENUE FOR VARIOUS TYPES OF ACCOUNTS RECEIVABLE (I.E. REAL ESTATE AND PERSONAL PROPERTY, MOTOR VEHICLE EXCISE, ETC.) DIFFER BETWEEN THE TWO STATEMENTS. THIS AMOUNT REPRESENTS THE NET CHANGE IN DEFERRED REVENUE (62,693)

THE ISSUANCE OF LONG-TERM DEBT (E.G., BONDS) PROVIDES CURRENT FINANCIAL RESOURCES TO GOVERNMENTAL FUNDS, WHILE THE REPAYMENT OF THE PRINCIPAL OF LONG-TERM DEBT CONSUMES THE FINANCIAL RESOURCES OF GOVERNMENTAL FUNDS. NEITHER TRANSACTION, HOWEVER, HAS ANY EFFECT ON NET ASSETS. ALSO, GOVERNMENTAL FUNDS REPORT THE EFFECT OF ISSUANCE COSTS, PREMIUMS, DISCOUNTS, AND SIMILAR ITEMS WHEN DEBT IS FIRST ISSUED, WHEREAS THESE AMOUNTS ARE DEFERRED AND AMORTIZED IN THE STATEMENT OF ACTIVITIES.

PROCEEDS FROM CAPITAL LEASES	(101,548)	
DEBT SERVICE PRINCIPAL PAYMENTS	1,049,497	
CAPITAL LEASE PRINCIPAL PAYMENTS	<u>217,095</u>	
NET EFFECT OF REPORTING LONG-TERM DEBT		1,165,044

SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS.

NET CHANGE IN COMPENSATED ABSENCES ACCRUAL	12,463	
NET CHANGE IN POSTEMPLOYMENT BENEFITS ACCRUAL	(611,105)	
NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL	48,310	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>9,274</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>(541,058)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 528,514**

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2014**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	BUDGETARY AMOUNTS	OVER(UNDER)
<u>REVENUES:</u>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 32,990,084	\$ 32,990,084	\$ 33,078,473	\$ 88,389
MOTOR VEHICLE AND OTHER EXCISE TAXES	1,715,925	1,715,925	2,183,710	467,785
PENALTIES & INTEREST ON TAXES	135,000	135,000	152,045	17,045
INTERGOVERNMENTAL	6,192,058	6,192,058	6,204,556	12,498
HOTEL/MOTEL AND MEALS TAX	750,000	750,000	948,190	198,190
INVESTMENT INCOME	20,000	20,000	36,685	16,685
DEPARTMENTAL AND OTHER	743,000	743,000	994,791	251,791
TOTAL REVENUES	42,546,067	42,546,067	43,598,450	1,052,383
<u>EXPENDITURES:</u>				
CURRENT:				
GENERAL GOVERNMENT	2,663,084	2,678,769	2,369,865	308,904
PUBLIC SAFETY	6,474,555	6,487,555	6,242,513	245,042
EDUCATION	22,525,256	22,525,256	22,467,623	57,633
PUBLIC WORKS	1,302,262	1,389,277	1,349,018	40,259
HUMAN SERVICES	620,723	666,755	646,650	20,105
CONSERVATION	69,878	69,878	68,550	1,328
CULTURE & RECREATION	918,269	918,269	886,069	32,200
EMPLOYEE BENEFITS	7,487,094	7,441,062	7,170,304	270,758
STATE & COUNTY ASSESSMENTS	384,145	384,145	377,499	6,646
DEBT SERVICE:				
PRINCIPAL	1,049,497	1,049,497	1,049,497	-
INTEREST	283,577	283,577	262,889	20,688
TOTAL EXPENDITURES	43,778,340	43,894,040	42,890,477	1,003,563
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,232,273)	(1,347,973)	707,973	2,055,946
<u>OTHER FINANCING SOURCES (USES):</u>				
OPERATING TRANSFERS IN	579,231	579,231	627,645	48,414
NET CHANGE IN FUND BALANCE	(653,042)	(768,742)	1,335,618	2,104,360
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	4,194,554	4,194,554	4,194,554	-
BUDGETARY FUND BALANCE, END OF YEAR	\$ 3,541,512	\$ 3,425,812	\$ 5,530,172	\$ 2,104,360

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2014**

	BUSINESS-TYPE ACTIVITIES NON MAJOR ENTERPRISE FUND
<u>ASSETS</u>	
CURRENT:	
CASH AND SHORT-TERM INVESTMENTS	\$ 301,023
USER FEES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:	<u>90,121</u>
TOTAL CURRENT ASSETS	<u>391,144</u>
NONCURRENT:	
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>92,025</u>
TOTAL ASSETS	<u>483,169</u>
<u>LIABILITIES</u>	
CURRENT:	
ACCOUNTS PAYABLE	<u>23,505</u>
<u>NET POSITION</u>	
NET INVESTMENT IN CAPITAL ASSETS	92,025
UNRESTRICTED	<u>367,639</u>
TOTAL NET POSITION	<u><u>\$ 459,664</u></u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FISCAL YEAR ENDED JUNE 30, 2014**

	BUSINESS-TYPE ACTIVITIES
	NON MAJOR ENTERPRISE FUND
<u>OPERATING REVENUES:</u>	
CHARGES FOR SERVICES	\$ 1,155,894
<u>OPERATING EXPENSES:</u>	
GENERAL SERVICES	1,042,334
DEPRECIATION	20,450
TOTAL OPERATING EXPENSES	1,062,784
OPERATING INCOME (LOSS)	93,110
<u>OPERATING TRANSFERS:</u>	
OPERATING TRANSFERS OUT	(143,676)
CHANGE IN NET POSITION	(50,566)
NET POSITION AT BEGINNING OF YEAR	510,230
NET POSITION AT END OF YEAR	\$ 459,664

See accompanying notes to the basic financial statements

TOWN OF SEEKONK, MASSACHUSETTS
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES NON MAJOR ENTERPRISE FUND
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
RECEIPTS FROM CUSTOMERS AND USERS	\$ 1,150,918
PAYMENTS TO SUPPLIERS	(926,034)
PAYMENTS TO EMPLOYEES	(120,303)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>104,581</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
OPERATING TRANSFERS IN (OUT)	<u>(143,676)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	(39,095)
CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR	<u>340,118</u>
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	<u><u>\$ 301,023</u></u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>	
<u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>	
OPERATING INCOME (LOSS)	<u>\$ 93,110</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)	
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
DEPRECIATION	20,450
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	(4,976)
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	(4,003)
TOTAL ADJUSTMENTS	<u>11,471</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 104,581</u></u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014**

	POSTEMPLOYMENT BENEFITS TRUST	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>			
CASH AND SHORT-TERM INVESTMENTS	\$ -	\$ 62,775	\$ 374,176
INVESTMENTS	48,663	-	-
DEPARTMENTAL AND OTHER	-	-	79,906
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	48,663	62,775	454,082
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>			
ACCOUNTS PAYABLE	-	-	27,093
OTHER LIABILITIES	-	-	426,989
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	-	-	454,082
	<hr/>	<hr/>	<hr/>
<u>NET POSITION</u>			
TOTAL NET POSITION HELD IN TRUST FOR POSTEMPLOYMENT BENEFITS AND OTHER PURPOSES	<u>\$ 48,663</u>	<u>\$ 62,775</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

**TOWN OF SEEKONK, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEAR ENDED JUNE 30, 2014**

	POSTEMPLOYMENT BENEFITS TRUST	PRIVATE PURPOSE TRUST FUNDS
<u>ADDITIONS:</u>		
CONTRIBUTIONS: EMPLOYER	\$ 37,500	\$ -
NET INVESTMENT INCOME (LOSS): INVESTMENT INCOME	<u>1,065</u>	<u>1,555</u>
TOTAL ADDITIONS	<u>38,565</u>	<u>1,555</u>
<u>DEDUCTIONS:</u>		
EDUCATIONAL SCHOLARSHIPS	<u>-</u>	<u>1,500</u>
CHANGE IN NET POSITION	38,565	55
NET POSITION AT BEGINNING OF YEAR	<u>10,098</u>	<u>62,720</u>
NET POSITION AT END OF YEAR	<u><u>\$ 48,663</u></u>	<u><u>\$ 62,775</u></u>

See accompanying notes to the basic financial statements

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Seekonk, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant Town accounting policies:

A. Reporting Entity

Primary Government

The Town is a municipal corporation that is governed by a five member Board of Selectmen (the Board). The Board is responsible for appointing a Town Administrator whose responsibility is to manage the day to day operations. For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units, blended or discretely presented, for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the government's operations and discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. It has been determined that there are no component units (blended or discretely presented) for inclusion in the primary government's financial reporting entity.

Joint Venture

Municipal joint ventures pool resources to share the costs, risks and rewards of providing services to their participants, the general public or others. The Town is a participant in the following joint venture:

<u>Name</u>	<u>Purpose</u>	<u>Address</u>	<u>Annual Assessment</u>
Tri-County Regional Vocational-Technical School	To provide vocational education services for grades 9-12	147 Pond Street Franklin, MA 02038	\$ 868,918

The Tri-County Regional Vocational Technical School District (the District) is governed by a fourteen (14) member school committee consisting of one (1) elected representative from each participating municipality. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

Major Fund Criteria

A fund is considered major if it is the primary operating fund of the Town or it meets the following criteria:

- a. If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- b. If the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- a. *Charges to customers* or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- b. *Grants and contributions* that are restricted to meeting the operational requirements of a particular function or segment.
- c. *Grants and contributions* that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and the enterprise fund. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when due, and the non current portion of compensated absences, capital leases, landfill post closure care costs, and other postemployment benefits (OPEB) which are recognized when the obligations are expected to be liquidated with current expendable available resources.

In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, moneys must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures incurred. In the other, moneys are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The Town considers property taxes as available if they are due and collected within 60 days after fiscal year-end. Licenses and permits, user charges, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received. Investment earnings are recorded as earned.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

The Town reports the following major governmental funds:

- The *General fund* is the primary operating fund of the Town. It is used to account for all financial resources, except those that are required to be accounted for in another fund.
- The *Nonmajor governmental funds* consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The following describes the general use of these fund types:
 - The *Special Revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.
 - The *Capital Projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and trust funds).
 - The *Permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Proprietary Fund Financial Statements

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following nonmajor proprietary fund is reported:

- The *Sanitation Enterprise fund* is used to account for the operations of the trash collection activities.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Fiduciary Fund Financial Statements

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held by the Town in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

- The *Private-Purpose Trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund (nonmajor governmental funds), under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Postemployment Benefits Trust fund* is used to account for assets held that will fund the long term liability associated with the Towns retirees health benefits.
- The *Agency fund* is used to account for assets held in a purely custodial capacity.

Government-Wide and Fund Financial Statements

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide, proprietary fund, and fiduciary funds financial statements to the extent that those standards do not conflict with or contradict guidance of the *Governmental Accounting Standards Board*. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and short term investments are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

E. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and proprietary and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

TOWN OF SEEKONK, MASSACHUSETTS
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Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are based on values assessed as of each January 1 and are normally due on the subsequent August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges. By law, all taxable property in the Commonwealth must be assessed at 100% of fair market value. Once levied, which is required to be at least 30 days prior to the due date, these taxes are recorded as receivables in the fiscal year of levy. Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Lining of properties on which taxes remain unpaid occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation statute known as "Proposition 2 ½" limits the amount of increase in property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½ % of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 ½ % of the prior year's levy plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2 ½ can be overridden by a Town-wide referendum.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Motor Vehicle Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Departmental and Other

Departmental and other receivables consist primarily of ambulance receivables which are recorded as receivables in the fiscal year accrued. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Special Assessments

Governmental activities special assessments consist primarily of Title V receivables which are recorded as receivables in the fiscal year accrued. Since the receivables are secured via the lien process, these assets are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recognized when the qualifying expenditures are incurred and all other grant requirements are met.

TOWN OF SEEKONK, MASSACHUSETTS
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JUNE 30, 2014

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

F. Inventories

Government-Wide and Fund Financial Statements

Inventories of the governmental funds and the sanitation enterprise fund are recorded as expenditures at the time of purchase. Such inventories are not material in total to the basic financial statements, and therefore are not reported.

G. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, vehicles, buildings and improvements, capital improvements, machinery and equipment, and infrastructure (roadways and similar items), and construction in progress are reported in the applicable governmental or business-type activities column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets if material.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of five years or greater.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

Asset Class	Estimated Useful Life (in years)
Buildings and Improvements	10-40
Capital Improvements (other than buildings)	10-20
Machinery and Equipment	5-15
Vehicles	5-15
Infrastructure	40

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the fiscal year of purchase for the various funds.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

H. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are not eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

I. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as operating transfers in and operating transfers out.

Government-Wide Financial Statements

Operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

Fund Financial Statements

Operating transfers between and within funds are not eliminated from the individual fund statements and are reported as operating transfers in and operating transfers out.

J. Deferred Inflows of Resources

Although certain revenues are measurable, they are not available. Available means collected within the current period, or expected to be collected soon enough thereafter, to be used to pay liabilities of the current period. Deferred inflows of resources at the fund level, represents the amount of assets that have been recognized, but the related revenue has not been recognized since it is not available.

Deferred inflows of resources at the fund level consist of the succeeding year property tax revenue, Intergovernmental revenue, and other revenue not collected within sixty days after year-end.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

K. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position are classified into three components:

- a. *Net investment in capital assets* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Net position have been “restricted” for the following:

- *Streets* represent amounts committed by the Commonwealth of Massachusetts for the repair and/or construction of streets.
 - *Permanent funds -expendable* represents amounts held in trust for which the expenditures are restricted by various trust agreements.
 - *Permanent funds -nonexpendable* represents amounts held in trust for which only investment earnings may be expended.
 - *Other specific purposes* represent restrictions placed on assets from outside parties.
- c. *Unrestricted net position* – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements (Fund Balances)

The Town uses the following criteria for fund balance classification:

- For *nonspendable* fund balance: includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- For *restricted* fund balance: when constraints placed on the use of the resources are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- For *committed* fund balance: (1) the government’s highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment.
- For *assigned* fund balance: (1) the body or official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which the authorization is given.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

- For *unassigned* fund balance: is the residual classification for the general fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The Town uses the following criteria for fund balance policies and procedures:

- When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the unrestricted amount will be considered to have been spent.
- When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the least restricted amount will be considered to have been spent.

L. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The proprietary fund has no long-term debt outstanding as of June 30, 2014.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

M. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Laws (MGL).

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

N. Compensated Absences

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused sick and vacation leave (subject to certain limitations) at their then current rates of pay.

Government-Wide Financial Statements

The total amount to be paid in future years is presented in the governmental activities column of the government-wide statement of net position. The liability for vacation leave is based on the amount earned but not used; for sick leave, it is based on the amount accumulated at the balance sheet date (vesting method).

Governmental Fund Financial Statements

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2014 is recorded in the governmental fund financial statements.

O. Post Retirement Benefits

Government-Wide and Fund Financial Statements

In addition to providing pension benefits, health and life insurance coverage is provided for retired employees and their survivors in accordance with, Chapter 32B, of Massachusetts General Laws, under various contributory plans. The cost of providing health and life insurance is recognized by recording the employer's 50% share of insurance premiums in the general fund in the fiscal year paid. All benefits are provided through third-party insurance carriers and health maintenance organizations that administer, assume, and pay all claims.

P. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could vary from estimates that were used.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Q. Total Column

Government-Wide Financial Statements

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not comparable to the consolidated financial information.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Basis of Accounting

Pursuant to Chapter 44, Section 32 of the Massachusetts General Laws, the Town adopts an annual budget for the general fund as well as for those special revenue funds for which the provisions of Chapter 44, Section 53f1/2 have been adopted. The budgets for all departments and operations of the Town, except that of the public schools, are prepared under the direction of the Town Administrator. The School Department budget is prepared under the direction of the School Committee. The level of expenditures may not legally exceed appropriations for each department or undertaking in the following categories: (1) salaries and wages; (2) ordinary maintenance; and (3) capital outlays.

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. The carryover articles and encumbrances were not included as part of the subsequent fiscal year's original budget.

Original and supplemental appropriations are enacted upon by a Town Meeting vote. Management may not amend the budget without seeking the approval of the governing body. The Town's Finance Committee can legally transfer funds from its reserve fund to other appropriations within the budget without seeking Town Meeting approvals. The original fiscal year 2014 approved budget authorized \$43,778,340 in current year appropriations and other amounts to be raised. Supplemental appropriations of \$115,700 were approved at one Special Town Meeting for fiscal year 2014.

The Finance Director has the responsibility to ensure that budgetary controls are maintained and monitored through the accounting system.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

B. Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2014, is presented below:

Net change in fund balance - budgetary basis	\$ 1,335,618
Basis of accounting differences:	
Increase in revenue for on-behalf payments - MTRS	4,681,442
Increase in expenditures for on-behalf payments - MTRS	(4,681,442)
Increase in revenue for the MWPAT subsidy	18,356
Increase in expenditures for the MWPAT subsidy	(18,356)
Adjustment for encumbrances and continuing appropriations	725,363
Adjustment for expenditures from prior year authorizations	(808,103)
Net stabilization fund activity	<u>(196,647)</u>
Net change in fund balance - GAAP basis	<u><u>\$ 1,056,231</u></u>

C. Deficit Fund Balances

Several individual fund deficits exist within the special revenue funds and the capital projects funds. These individual deficits will be eliminated through subsequent fiscal year budget transfers, grants and proceeds of long-term debt during fiscal year 2015.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 – DEPOSITS AND INVESTMENTS

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels unless collateralized by the financial institutions involved.

Deposits

▪ *Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the deposits "in a bank or trust company, or banking company to an amount not exceeding sixty percent (60%) of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." The Town does not have a formal deposit policy for custodial credit risk. The Town carries deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC) and the Depositor's Insurance Fund (DIF). The Town also carries deposits that are uninsured, uncollateralized, or collateral held by the pledging bank's trust department not in the Town's name.

The following table illustrates how much of the Town's bank deposits are insured, and how much of the Town's bank deposits are uninsured, uncollateralized, or collateral held by the pledging bank's trust department not in the Town's name as of June 30, 2014:

Total bank balances		<u><u>\$ 10,438,557</u></u>
Bank balances covered by deposit insurance		
Depositor's Insurance Fund (DIF)	4,840,154	
Federal Deposit Insurance Corporation (FDIC)	<u>1,600,000</u>	
Total bank balances covered by deposit insurance		6,440,154
Balances subject to custodial credit risk		
Bank balances collateralized with securities held by the pledging financial institution's trust department or agent not in the Town's name	1,375,371	
Bank balances uninsured & uncollateralized	<u>2,623,032</u>	
Total bank balances subject to custodial credit risk		<u><u>3,998,403</u></u>
Total bank balances		<u><u>\$ 10,438,557</u></u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Investments

Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreement guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase, and units in the Massachusetts Municipal Depository Trust (MMDT). The Treasurer of the Commonwealth of Massachusetts oversees the financial management of the MMDT, a local investment pool for cities, towns, and other state and local agencies within the Commonwealth. The Town's fair value of its investment in MMDT represents their value of the pool's shares. The Town's Trust Funds have expanded investment powers including the ability to invest in equity securities, corporate bonds, annuities and other specified investments.

The composition of the Town's bank recorded deposits and investments fluctuates depending primarily on the timing of property tax receipts, proceeds from borrowings, collections of state and federal aid, and capital outlays throughout the year.

a) Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, Massachusetts General Law Chapter 44, Section 55, limits the Town's investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSROs). Presented below is the actual rating as of year-end for each investment type of the Town.

Investment type	Fair value	Minimum Legal Rating	Rating as of Year End				
			AA+	A+	Aaa	BBB+	Unrated
U.S. Government & Agency Securities	\$ 2,314,968	N/A	\$ 1,899,546	\$ -	\$ 415,422	\$ -	\$ -
Corporate Bonds	600,962	N/A	181,466	99,913	-	319,583	-
Certificate of Deposit	1,831,159	N/A	-	-	-	-	1,831,159
Fixed Income Mutual Funds	882,405	N/A	-	-	-	-	882,405
Mutual Funds	606,164	N/A	-	-	-	-	606,164
Total Investments	<u>\$ 6,235,658</u>		<u>\$ 2,081,012</u>	<u>\$ 99,913</u>	<u>\$ 415,422</u>	<u>\$ 319,583</u>	<u>\$ 3,319,728</u>

b) Custodial Credit Risk

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of an outside party. The Town has no custodial credit risk exposure related to the U.S. Government and Agency Securities, corporate bonds, or the common stock because the related securities are registered in the name of the Town. The bond mutual fund and money market mutual fund investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The certificates of deposit are not exposed to custodial credit risk as they are fully insured by the FDIC.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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The Town does not have an investment policy for custodial credit risk.

c) Interest Rate Risk

Interest rate risk is the risk of changes in market interest rates which will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the risk of its fair value to change with the market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

Investment type	Fair value	Investment maturities (in years)	
		Less than 1	1-5
<i>Debt Related Securities:</i>			
U.S. Government & Agency	\$ 2,314,968	\$ -	\$ 2,314,968
Corporate Bonds	600,962	140,512	460,450
Total - Debt related securities	<u>\$ 2,915,930</u>	<u>\$ 140,512</u>	<u>\$ 2,775,418</u>
<i>Other Investments:</i>			
Certificate of Deposit	1,831,159	894,094	937,065
Fixed Income Mutual Funds	882,405	882,405	-
Mutual Funds	606,164	606,164	-
Total Other Investments	<u>3,319,728</u>	<u>2,382,663</u>	<u>937,065</u>
Total Investments	<u>\$ 6,235,658</u>	<u>\$ 2,523,175</u>	<u>\$ 3,712,483</u>

d) Concentration of Credit Risk

The Town places no limit on the amount the government may invest in any one issuer. More than 5% of the Town's investments are in the following securities:

Issuer	Percentage of Total Investments
United States Treas	6.66%
Federated Gov't Ultra - Mutual Fund	6.83%

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – RECEIVABLES

The receivables at June 30, 2014 for the Town's individual major, nonmajor governmental funds, and the fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate taxes	\$ 614,681	\$ -	\$ 614,681
Personal property taxes	140,565	(115,200)	25,365
Real Estate and personal property taxes	755,246	(115,200)	640,046
Tax liens	572,047	-	572,047
Motor vehicle and other excise taxes	191,152	(64,846)	126,306
Departmental and other	1,520,349	(1,098,910)	421,439
Intergovernmental	940,420	-	940,420
Special Assessments	205,557	-	205,557
User Fees	9,140	-	9,140
Total	<u>\$ 4,193,911</u>	<u>\$ (1,278,956)</u>	<u>\$ 2,914,955</u>

The sanitation enterprise fund receivables as of June 30, 2014, consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Sanitation</i>			
User fees	<u>\$ 90,121</u>	<u>\$ -</u>	<u>\$ 90,121</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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Governmental funds report deferred Inflow of Resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with revenues that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

Deferred Inflow of Resources Analysis

Deferred Inflow :	General Fund	Nonmajor Governmental Funds	Total
Deferred Property Taxes	\$ 1,113,732	\$ -	\$ 1,113,732
Deferred other revenue	19,600	536,630	556,230
Deferred Intergovernmental revenue	150,618	416,760	567,378
Total	<u>\$ 1,283,950</u>	<u>\$ 953,390</u>	<u>\$ 2,237,340</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 4,691,754	\$ 147,000	\$ -	\$ 4,838,754
Construction in progress	9,550	1,046,855	-	1,056,405
Total capital assets not being depreciated	4,701,304	1,193,855	-	5,895,159
<i>Capital assets being depreciated:</i>				
Buildings and improvements	55,409,492	-	-	55,409,492
Capital improvements (other than buildings)	2,896,049	-	-	2,896,049
Machinery and equipment	3,890,515	-	-	3,890,515
Vehicles	6,872,410	228,548	-	7,100,958
Infrastructure	19,837,617	535,933	-	20,373,550
Total capital assets being depreciated	88,906,083	764,481	-	89,670,564
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(25,367,970)	(1,576,629)	-	(26,944,599)
Capital improvements (other than buildings)	(1,476,654)	(125,392)	-	(1,602,046)
Machinery and equipment	(3,043,728)	(109,010)	-	(3,152,738)
Vehicles	(5,523,903)	(337,628)	-	(5,861,531)
Infrastructure	(16,265,296)	(251,783)	-	(16,517,079)
Total accumulated depreciation	(51,677,551)	(2,400,442)	-	(54,077,993)
Total capital assets being depreciated, net	37,228,532	(1,635,961)	-	35,592,571
Total governmental activities capital assets, net	\$ 41,929,836	\$ (442,106)	\$ -	\$ 41,487,730

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Business-Type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets being depreciated:</i>				
Machinery & Equipment	\$ 220,500	\$ -	\$ -	\$ 220,500
Vehicles	174,800	-	-	174,800
Total capital assets being depreciated	395,300	-	-	395,300
<i>Less accumulated depreciation for:</i>				
Machinery & Equipment	(138,825)	(14,850)	-	(153,675)
Vehicles	(144,000)	(5,600)	-	(149,600)
Total accumulated depreciation	(282,825)	(20,450)	-	(303,275)
Total capital assets being depreciated, net	112,475	(20,450)	-	92,025
Total business-type activities capital assets, net	<u>\$ 112,475</u>	<u>\$ (20,450)</u>	<u>\$ -</u>	<u>\$ 92,025</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 33,276
Public safety	378,310
Education	1,546,650
Public works	387,645
Human services	1,373
Culture and recreation	53,188
Total depreciation expense - governmental activities	<u>\$ 2,400,442</u>

Business-Type Activities:	
Sanitation	<u>\$ 20,450</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – CAPITAL LEASES

The Town has entered into lease agreements as lessee for financing the acquisition of an ambulance, five police vehicles, a dump truck, and a front end loader. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through the various capital leases are as follows:

	Governmental Activities
Assets:	
Vehicles	\$ 716,088
Less: Accumulated depreciation	<u>(129,578)</u>
	<u><u>\$ 586,510</u></u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2014, are as follows:

Year Ending June 30	Governmental Activities
2015	202,428
2016	107,913
2017	<u>29,816</u>
Total minimum lease payments	340,157
Less: amounts representing interest	<u>(16,867)</u>
Present value of minimum lease payments	<u><u>\$ 323,290</u></u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2014, are summarized as follows:

<u>Operating Transfers In:</u>	
<u>Operating Transfers Out:</u>	<u>General Fund</u>
Nonmajor Governmental Funds	\$ 483,969 (1)
Sanitation Enterprise Fund	<u>143,676 (2)</u>
Total	<u><u>\$ 627,645</u></u>

- (1) Represents budgeted transfers to supplement the operating budget
(2) Represents budgeted transfer from the enterprise fund.

NOTE 8 – SHORT-TERM FINANCING

Under state law, and with the appropriate authorization, the Town is authorized to borrow funds on a temporary basis as follows:

- To fund current operations prior to the collection of revenues by issuing revenue anticipation notes (RANS).
- To fund grants prior to reimbursement by issuing grant anticipation notes (GANS).
- To fund Capital project costs incurred prior to selling permanent debt by issuing bond anticipation notes (BANS).
- To fund current project costs and other approved expenditures incurred, that are anticipated to be reimbursed by the Commonwealth, through the issuance of State Aid anticipation notes (SAANS).

Short-term loans are general obligations of the Town and maturity dates are governed by statute. Interest expenses for short-term borrowings are accounted for in the general fund.

The following is a summary of changes in short-term debt for the year ended June 30, 2014:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2013	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2014
Governmental Funds							
BAN	Fire Station	0.60	6/25/2014	\$ 52,000	\$ -	\$ (52,000)	\$ -
BAN	Banna Fire Station	0.50	11/8/2014	-	1,197,500	-	1,197,500
BAN	Banna Fire Station	0.50	5/30/2015	-	52,000	-	52,000
BAN	Senior Center	0.50	5/30/2015	-	200,000	-	200,000
Total				<u>\$ 52,000</u>	<u>\$ 1,449,500</u>	<u>\$ (52,000)</u>	<u>\$ 1,449,500</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 – LONG-TERM DEBT

The Town is subject to a dual-level, general debt limit: the normal debt limit and the double debt limit. Such limits are equal to 5% and 10%, respectively, of the valuation of taxable property in the Town as last equalized by the Commonwealth's Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit however require the approval of the Commonwealth's Emergency Finance Board. Additionally, there are many categories of general long-term debt which are exempt from the debt limit but are subject to other limitations.

The following is a summary of the changes in long-term debt for the year ended June 30, 2014:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2013	Issued	Redeemed	Outstanding at June 30, 2014
MWPAT Sewer Loan	Var.	\$ 172,418	\$ -	\$ 20,773	\$ 151,645
Municipal Purpose	Var.	1,270,000	-	295,000	975,000
Landfill	2.00	1,282,977	-	68,724	1,214,253
School Construction	4.03	3,550,000	-	330,000	3,220,000
Police & Fire Facility	3.77	4,005,000	-	335,000	3,670,000
Total		<u>\$ 10,280,395</u>	<u>\$ -</u>	<u>\$ 1,049,497</u>	<u>\$ 9,230,898</u>

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2014 are as follows:

Fiscal Year	Principal	Interest	Total
2015	\$ 1,036,024	\$ 237,722	\$ 1,273,746
2016	1,012,441	203,002	1,215,443
2017	983,886	174,166	1,158,052
2018	940,360	148,608	1,088,968
2019	911,864	123,984	1,035,848
2020-2024	3,575,489	317,261	3,892,750
2025-2029	770,834	27,523	798,357
Total	<u>\$ 9,230,898</u>	<u>\$ 1,232,266</u>	<u>\$ 10,463,164</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Loans Authorized and Unissued

As of June 30, 2014, the Town has loans authorized and unissued as follows:

<u>Description</u>	<u>Date Authorized</u>	<u>Amount</u>
Fire Station	5/27/2009	\$ 775,000
Senior Center	6/11/2012	2,500,000
Fire Station	3/27/2013	687,491
Senior Center	6/10/2013	<u>386,600</u>
Total		<u><u>\$ 4,349,091</u></u>

Massachusetts School Building Authority Reimbursements

Chapter 645 of the Act of 1948 as amended (“Chapter 645”) created a statewide school building assistance program. Pursuant to this program, cities and towns issued bonds for eligible school building projects and were reimbursed over a period of years by the Commonwealth according to a statutory percentage for such city or town.

Legislation enacted as part of the Commonwealth’s Fiscal 2001 budget repealed 645 and created a new school building assistance program codified as Chapter 70B of the Massachusetts General Laws. Among other changes, the new program includes grants for alternatives to construction and calculates grants for each project based on a number of factors. The new legislation does not affect the reimbursement percentages for bonds previously issued under Chapter 645, and the grants for certain “grandfathered” projects will be based on the statutory percentages provided for in Chapter 645.

The Town has been approved for 70% percent state school construction grant through the Massachusetts School Building Authority (MSBA) to cover eligible project costs, including debt service associated with the financing of this project, subject to annual appropriation by the state legislature. The Town received \$150,618 from scheduled annual payments in FY 2014 from the MSBA for the completed school construction project.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2014:

Governmental Activities:	Balance	Additions	Reductions	Balance	Portion
Bonds and notes payable	\$ 10,280,395	\$ -	\$ (1,049,497)	\$ 9,230,898	\$ 1,036,024
Compensated absences	1,037,150	-	(12,463)	1,024,687	336,284
Landfill postclosure care costs	1,014,510	-	(48,310)	966,200	48,310
Capital leases payable	438,837	101,548	(217,095)	323,290	190,865
Other post-employment benefits	8,120,161	611,105	-	8,731,266	-
Total governmental activities long-term liabilities	<u>\$ 20,891,053</u>	<u>\$ 712,653</u>	<u>\$ (1,327,365)</u>	<u>\$ 20,276,341</u>	<u>\$ 1,611,483</u>

The governmental activities long-term liabilities are generally liquidated by the general fund.

Advance and Current Year Refunding

On December 11, 2012, the Town issued general obligation refunding bonds in the amount of \$3,550,000 with an interest rate of 2.00% to current refund \$15,635,000 of general obligation bonds with an interest rates ranging from 3.75% to 4.375%. The refunded bonds mature on January 15, 2014 through 2023 and are callable on January 15, 2013. The general obligation refunding bonds were issued at a interest cost of 2.00% and, after receiving an MSBA grant of \$12,175,413, a bond premium of \$169,869 and paying issuance costs and an underwriter's discount of \$103,932, the net proceeds were \$15,791,350. The net proceeds from the issuance of the general obligation refunding bonds were used to retire all callable outstanding bonds on January 15, 2013. The refunding met the requirements of debt defeasance and the bonds were removed from the Town's financial statements. The net present value of future debt service savings was \$2,223,200.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town has classified its governmental fund balances with the following hierarchy.

	General Fund	Nonmajor Governmental Funds	Total
Fund Balances			
Nonspendable:			
Permanent Fund Principal	\$ -	\$ 280,053	\$ 280,053
Restricted For:			
General Government	-	116,532	116,532
Public Safety	-	1,330,882	1,330,882
Education	-	639,886	639,886
Public Works	-	37,661	37,661
Human Services	-	395,322	395,322
Culture & Recreation	-	195,468	195,468
Employee Benefits	-	884,516	884,516
Community Preservation Fund	-	1,164,085	1,164,085
Expendable Trust Fund	-	25,331	25,331
	<u>-</u>	<u>4,789,683</u>	<u>4,789,683</u>
Committed To:			
Continuing Appropriations			
General Government	46,959	-	46,959
Public Safety	101,830	-	101,830
EDUCATION	36,891	-	36,891
PUBLIC WORKS	110,000	-	110,000
Human Services	10,000	-	10,000
Culture & Recreation	708	-	708
Other Environmental	25,000	-	25,000
	<u>331,388</u>	<u>-</u>	<u>331,388</u>
Assigned To:			
Encumbered For:			
General Government	50,466	-	50,466
Public Safety	15,645	-	15,645
Education	420,084	-	420,084
Public Works	50,382	-	50,382
Human Services	5	-	5
Culture & Recreation	2,596	-	2,596
Subsequent Years Expenditures	250,000	-	250,000
Municipal Capital Investment Stabilization Fund	1,190,750	-	1,190,750
Special Education Stabilization Fund	82,591	-	82,591
	<u>2,062,519</u>	<u>-</u>	<u>2,062,519</u>
Unassigned			
General Fund	3,707,317	-	3,707,317
General Stabilization Fund	2,806,040	-	2,806,040
Nonmajor Governmental Funds	-	(60,160)	(60,160)
Capital Projects			
Public Safety	-	(1,098,417)	(1,098,417)
Human Services	-	(164,859)	(164,859)
	<u>6,513,357</u>	<u>(1,323,436)</u>	<u>5,189,921</u>
Total Governmental Fund Balances	<u>\$ 8,907,264</u>	<u>\$ 3,746,300</u>	<u>\$ 12,653,564</u>

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11 – STABILIZATION ARRANGEMENTS

The Town has established several funds where the Town has set aside amounts for a financial reserve emergency and capital needs. These funds consist of the following;

- The *Stabilization Fund* can be used for any purpose. The additions or the use of the fund requires a 2/3 vote of the Annual or Special Town Meeting. The fund has been classified as an unassigned fund balance in the general fund.
- The *Municipal Capital Fund* is a stabilization fund that is intended to be used for capital purchases. The additions or the use of the fund requires a 2/3 vote of the Annual or Special Town Meeting. The fund has been classified as an assigned fund balance in the general fund.
- The *Special Education Fund* is a stabilization fund that is intended to be used for special education expenses. The additions or the use of the fund requires a 2/3 vote of the Annual or Special Town Meeting. The fund has been classified as an assigned fund balance in the general fund.

NOTE 12 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters.

Buildings are fully insured against fire, theft, and natural disaster (except for losses due to earthquake) to the extent that losses exceed \$1,000 per incident. Buildings are fully insured against earthquake damage, to the extent that losses exceed \$50,000 per incident.

The Town is insured for general liability; however, Chapter 258 of the Massachusetts General Laws limits the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal civil rights, eminent domain and breach of contract. Such claims are charged to the general fund. There were no such claims in 2014.

The Town has two contributory health care options for its employees and retirees. The Town contributes 75% of the premium costs for active employees and 50% for retirees for both health care options.

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires the following disclosures with regard to the retiree medical, dental, and life insurance benefits:

Plan Description. The Post Retirement Benefits Plan of the Town of Seekonk (The Plan) is a single-employer defined benefit healthcare plan administered by the Town of Seekonk. The Plan provides medical, dental and life insurance benefits to eligible retirees and their spouses. Town meeting vote is the authority to establish and amend benefit provisions to the Town. The Town has accepted various sections of Massachusetts General laws Chapter 32B to provide ½ of the premium cost of retirees' health and life insurance costs.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Funding Policy. The contribution requirements of plan members and the Town are established and may be amended by local by-law. The required contribution is based on projected pay-as-you-go financing requirements. For Fiscal Year 2014, the estimated total Town premiums plus implicit costs for the retiree medical program are \$1,221,056.

Annual OPEB Cost and Net OPEB Obligation. The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation to the plan:

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the four preceding years were as follows:

Annual required contribution	\$ 2,007,368
Interest on net OPEB obligation	325,210
Adjustment to annual required contribution (ARC)	<u>(500,417)</u>
Annual OPEB cost (expense)	1,832,161
Contributions made	<u>(1,221,056)</u>
Increase in net OPEB obligation	611,105
Net OPEB obligation - beginning of year	<u>8,120,161</u>
Net OPEB obligation - end of year	<u><u>\$ 8,731,266</u></u>

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Increase in Net OPEB Obligation	Net OPEB Obligation
6/30/2009	\$ 3,165,535	35.19%	\$ 2,051,464	\$ 2,051,464
6/30/2010	\$ 3,352,841	28.05%	\$ 2,412,216	\$ 4,463,680
6/30/2011	\$ 2,643,342	43.52%	\$ 1,492,894	\$ 5,956,574
6/30/2012	\$ 2,698,088	45.15%	\$ 1,479,982	\$ 7,436,556
6/30/2013	\$ 1,809,788	62.23%	\$ 683,605	\$ 8,120,161
6/30/2014	\$ 1,832,161	66.65%	\$ 611,105	\$ 8,731,266

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Funded Status and Funding Progress. As of June 30, 2014, the most recent actuarial valuation date, the plan was 0.0% funded. The actuarial accrued liability for benefits was \$32.184 million, and the actuarial value of assets was \$0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$32.184 million. The covered payroll (annual payroll of active employees covered by the plan) was \$22.794 million, and the ratio of the UAAL to the covered payroll was 141.19%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, the normal cost and actuarial liability are both based on an accrual of projected benefits over the period for which benefits are accrued. The normal cost is the actuarial present value of one year's benefit accrual on this basis. The actuarial accrued liability is the actuarial present value of the projected benefit times the ratio of past service to total service. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of -3.76% percent graded upward to 5.93% over four years. Both rates included a 2.8% inflation assumption. The actuarial value of assets was determined using market value. The UAAL is being amortized as a level dollar amount over 30 years at transition. The remaining amortization period at July 1, 2014, was 24 years.

NOTE 14 – PENSION PLANS

A. Plan Descriptions

The Town contributes to the Bristol County Contributory Retirement System (the "System"), a cost sharing, multiple-employer, defined benefit pension plan administered by the Bristol County Retirement Board. Substantially all employees are members of the "System" except for public school teachers and certain school administrators who are members of the Massachusetts Teachers' Retirement System (MTRS) to which the Town does not contribute.

The "System" and the MTRS are contributory defined benefit plans and membership in both the "System" and the MTRS is mandatory upon commencement of employment for all permanent, full-time employees. The "System" and the MTRS provide retirement, disability and death benefits to plan members and beneficiaries.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Chapter 32 of the Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan, and grant cost-of-living increases, to the State legislature. The “System” issues a publicly available financial report, which can be obtained through the Commonwealth of Massachusetts, Public Employee Retirement Administration Commission (“PERAC”), One Ashburton Place, Boston, Massachusetts 02108.

B. Funding Policies

Bristol County Contributory Retirement System

Plan members are required to contribute to the “System” at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the “System”, its share of the remaining system-wide, actuarially determined, contribution plus administration costs, which are apportioned among the employers, based on active covered payroll. The Commonwealth of Massachusetts reimburses the “system” for a portion of the benefit payments for the cost of living increases. The contributions to the “System” for years ended June 30, 2014, 2013, and 2012 were \$2,040,507, \$2,073,517, and \$2,001,555, respectively, which were equal to its required contributions for each of these years.

Massachusetts Teachers’ Retirement System

Plan members (at varying rates of annual covered compensation) and the Commonwealth of Massachusetts fund contributions to the MTRS. The Commonwealth of Massachusetts contributed “on-behalf” payments to the MTRS totaling \$4,681,442 for fiscal year 2014. In accordance with GASB Statement No. 24, these on-behalf” payments have been recorded in the general fund as intergovernmental revenues and pension expenditures.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2014, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is believed the amount, if any, would not be material.

The Towns three landfills have all been capped. The post-closure monitoring of the sites are seventeen (16) years for two sites and twenty seven (25) years for the third site. The estimated liability has been recorded in the Statement of Net Position, Governmental Activities. The \$966,200 reported as landfill post-closure liability at June 30, 2014 is based on what it would cost to perform all post-closure care at June 30, 2014. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2014, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2014.

TOWN OF SEEKONK, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2014, the following GASB pronouncements were implemented:

The GASB issued **Statement #65**, *Items previously reported as Assets and Liabilities*, was implemented in fiscal year 2014. This pronouncement requires no additional disclosure and will not impact the basic financial statements.

The GASB issued **Statement #66**, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, was implemented in fiscal year 2014. This pronouncement requires no additional disclosure and will not impact the basic financial statements.

The GASB issued **Statement #67**, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27*, was implemented in fiscal year 2014. This pronouncement requires no additional disclosure and will not impact the basic financial statements.

Future GASB Pronouncements:

The GASB issued **Statement #68**, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will have a significant impact on the basic financial statements.

The GASB issued **Statement #69**, *Government Combinations and Disposals of Government Operations*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.

The GASB issued **Statement #70**, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.

The GASB issued **Statement #71**, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will have a significant impact on the basic financial statements.

**TOWN OF SEEKONK, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
BRISTOL COUNTY REGIONAL RETIREMENT SYSTEM
JUNE 30, 2014**

The following schedules are presented in accordance with GASB Statement No. 27:

Schedules of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
1/1/2012	\$ 562,448,845	\$ 840,301,708	\$ 277,852,863	66.9%	\$141,877,055	195.8%
1/1/2012	\$ 460,572,977	\$ 776,734,414	\$ 316,161,437	59.3%	\$133,231,288	237.3%
1/1/2010	\$ 447,114,412	\$ 690,292,202	\$ 243,177,790	64.8%	\$136,443,244	178.2%
1/1/2009	\$ 396,683,194	\$ 697,604,462	\$ 300,921,268	56.9%	\$158,880,971	189.4%
1/1/2007	\$ 390,706,411	\$ 593,767,462	\$ 203,061,051	65.8%	\$146,988,086	138.1%
1/1/2005	\$ 334,319,614	\$ 535,755,874	\$ 201,436,260	62.4%	\$134,953,427	149.3%
1/1/2003	\$ 291,903,656	\$ 440,692,634	\$ 148,788,978	66.2%	\$122,142,724	121.8%
1/1/2001	\$ 275,463,114	\$ 373,562,277	\$ 98,099,163	73.7%	\$121,345,005	80.8%
1/1/1999	\$ 226,836,196	\$ 311,255,734	\$ 84,419,538	72.9%	\$ 95,169,522	88.7%
1/1/1998	\$ 185,852,667	\$ 281,492,555	\$ 95,639,888	66.0%	\$ 90,608,158	105.6%

Schedule of Employer Contributions

Fiscal Year Ended June 30	System Wide			Town of Seekonk	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) Town's Percentage of System Wide Actual Contributions
2014	\$ 31,070,816	\$ 31,070,816	100%	\$ 2,040,507	6.57%
2013	\$ 28,068,782	\$ 28,068,782	100%	\$ 2,073,517	7.39%
2012	\$ 27,049,058	\$ 27,049,058	100%	\$ 2,001,555	7.40%
2011	\$ 26,077,309	\$ 26,077,309	100%	\$ 1,803,196	6.91%
2010	\$ 29,154,746	\$ 29,154,746	100%	\$ 1,773,321	6.08%
2009	\$ 28,673,087	\$ 28,673,087	100%	\$ 1,581,257	5.51%
2008	\$ 27,438,341	\$ 27,438,341	100%	\$ 1,519,606	5.54%
2007	\$ 24,290,432	\$ 24,290,432	100%	\$ 1,373,527	5.65%
2006	\$ 20,940,103	\$ 20,940,103	100%	\$ 1,054,023	5.03%

**TOWN OF SEEKONK, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2014**

Schedules of Funding Progress and Employer Contributions

The following schedules are presented in accordance with GASB Statement No. 45:

Projected Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
12/31/2009	\$ -	\$ 36,243,203	\$ 36,243,203	0.0%	\$ 21,062,375	172.1%
12/31/2011	\$ -	\$ 44,183,629	\$ 44,183,629	0.0%	\$ 22,058,551	200.3%
6/30/2013	\$ -	\$ 32,183,523	\$ 32,183,523	0.0%	\$ 22,794,104	141.2%

Schedule of Employer Contributions

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Increase in Net OPEB Obligation	Net OPEB Obligation
2009	\$ 3,165,535	35.19%	\$ 2,051,464	\$ 2,051,464
2010	\$ 3,352,841	28.05%	\$ 2,412,216	\$ 4,463,680
2011	\$ 2,643,342	43.52%	\$ 1,492,894	\$ 5,956,574
2012	\$ 2,698,088	45.15%	\$ 1,479,982	\$ 7,436,556
2013	\$ 1,809,788	62.23%	\$ 683,605	\$ 8,120,161
2014	\$ 1,832,161	66.65%	\$ 611,105	\$ 8,731,266

The required information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2013
Discount Rate	4.00%
Medical Trend	-3.76% grading upward to 5.96% in Year 2017
Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level dollar amount over 30 years at transition
Remaining Amortization Period	24
Mortality	RP-2000 mortality table with projected mortality

**TOWN OF SEEKONK, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2014**

Plan Participants:

Current retirees, beneficiaries, and dependants	329
Current active members/participants	<u>295</u>
Total	<u><u>624</u></u>